

Message Text

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ACTION EB-08

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TO SECSTATE WASHDC 6872

INFO AMEMBASSY GABORONE

AMCONSUL JOHANNESBURG

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EGMO. 11652: N/A

TAGS: OCON, EINV, BEXP, LT

SUBJECT: CONFERENCE ON TRANSNATIONAL CORPORATIONS

1. THE GOL AND THE LESOTHO NATIONAL DEVELOPMENT CORPORATIONS(LNDC) SPONSORED A CONFERENCE ON "TRANSNATIONAL CORPORATIONS AND DEVELOPING COUNTRIES" FROM MARCH 23-25 IN MASERU. THE CONFERENCE WAS HELD AT THE LNDC-OWNED HOTEL VICTORIA. PRIME MINISTER DR. LEABUA JONATHAN AND 29 OTHER KEYNOTE SPEAKERS AND PANELISTS MADE THE SUBSTANTIVE CONTRIBUTION TO THE CONFERENCE. A TOTAL OF 311 PERSONS, INCLUDING SOME 70 STUDENTS FROM THE NATIONAL UNIVERSITY

PARTICIPATED. KEYNOTE SPEAKERS AND PANELISTS REPRESENTED 10 COUNTRIES, INCLUDING THE U.S. THERE WERE MORE AMERICAN SPEAKERS THAN FROM ANY OTHER COUNTRY. THE AMERICAN SPEAKERS WERE: ANTHONY J. HOPE, VICE PRESIDENT FOR FINANCE OF OPIC; PROF. ENDEL KOLDE OF THE UNIVERSITY OF WASHINGTON; PROF. RONALD N. MUELLER, AMERICAN UNIVERSITY; WALTER H. OETTINGER, UNIDO; HAROLD R. SIMS, VICE PRESIDENT OF CORPORATE AFFAIRS, JOHNSON AND JOHNSON; AND CHARLES J. LIPTON, DIRECTOR OF DEVELOPMENT LAW ADVISORY SERVICES.

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2. PM JONATHAN SET THE AMBIVALENT TONE FOR THE CONFERENCE IN HIS KEYNOTE SPEECH. DR. JONATHAN MADE AN INFORMED PRESENTATION ON TRANSNATIONAL CORPORATIONS BUT OFFERED NOTHING REALLY NEW ON THIS SCORE. HIS MAJOR POINTS WERE THAT TRANSNATIONAL CORPORATION OPERATING IN LESOTHO (THERE ARE ONLY 4 OR 5) SHOULD INVEST IN LESOTHO'S DEVELOPMENT; THAT TRANSNATIONAL CORPORATIONS HAE A MAJOR

ROLE TO PLAY IN BRIDGING THE GAP BETWEEN HAVES AND HAVE NOTS; THAT DEVELOPING COUNTRIES SHOULD FORMULATE A CODE OF CONDUCT FOR TRANSNATIONAL CORPORATIONS WHICH WOULD LEAD TO A MAXIMUM

CONTRIBUTION BY TNCs TO DEVELOPMENT; AND THAT TNCs ARE PROFIT MAKING BODIES AND SHOULD BE ALLOWED TO DERIVE A JUST RETURN FROM THEIR UNDERTAKINGS. THE PM POINTEDLY CRITICIZED BARCLAYS BANK, STANDARD BANK, AND "CERTAIN INSURANCE COMPANIES" FOR COLLECTING DEPOSITS AND PREMIUMS IN LESOTHO AND INVESTING THEM IN SOUTH AFRICA. HE CITED AS AN EXAMPLE FOR THESE TNCs THE ROLE OF THE LESOTHO DEVELOPMENT BANK (GOL-OWNED) WHICH, HE SAID, HAD INVESTED IN SEVERAL

FRUITFUL ENDEAVORS IN THE COUNTRY WHICH PROVED THAT A BANK WILLING TO DO SO COULD FIND INVESTMENT OPPORTUNITIES IN THIS COUNTRY. THE PM READ EXCERPTS FROM TWO PURPORTED LETTERS FROM INSURANCE COMPANIES OPERATING HERE WHICH STATED THAT COMPANY POLICY AS FORMULATED IN LONDON RESTRICTED THEIR INVESTMENTS TO SOUTH AFRICA ALONE.

3. ANTHONY HOPE, VICE PRESIDENT OF OPIC, MADE A USEFUL AND INFORMATIVE STATEMENT ON OPIC OPERATIONS AND THEN SPOKE ON TNCs AND DOMESTIC LAW", A DISCUSSION OF THE CHANGING CHARACTER OF TNCs AND THE CONTROLS TO WHICH THEY ARE BEING SUBJECTED BY THE USG AND LDC GOVERNMENTS. PROFESSOR KOLDE'S LEARNED AND TECHNICAL PRESENTATION ON "IMPLICATIONS OF THE NEW GENERATION OF TNCs" WAS WELL RECEIVED IF PERHAPS OVER THE HEADS OF SOME OF THE VARIEGATED AUDIENCE. THE PRESENTATION OF HAROLD SIMS, BF JOHNSON AND JOHNSON WAS THE MOST ENTHUSIASTICALLY RECEIVED AMONG THE AMERICAN SPEAKERS - AND ALSO PROVOKED THE MOST CONTROVERSY. SIMS HAD LIMITED OFFICIAL USE

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ATTENDED THE AAI CONFERENCE HERE IN DECEMBER. AN EFFECTIVE, FORCEFUL AND COLORFUL SPEAKER, HE GAVE A LENGTHY KEYNOTE ADDRESS ON THE SECOND NIGHT OF THE CONFERENCE ON THE TOPIC "ARE TNCs UNREASONABLY CONSTRAINED BY GOVERNMENTS?" THE THEME OF HIS PRESENTATION WAS "LET'S FORGET THE SHAME AND BLAME" TALK RE TNC PERFORMANCE AND GET ON WITH THE BUSINESS OF PROBLEM SOLVING AND WORKING OUT MUTUALLY BENEFICIAL RELATIONSHIPS BETWEEN TNCs AND LDCs. HIS ARGUMENTS WERE STRONGLY SUPPORTIVE OF PRESENT DAY TNCs AS INSTRUMENTS OF DEVELOPMENT. PROF. RONALD MUELLER'S HIGHLY TECHNICAL PRESENTATION, "HOW CAN TNCs BE STRUCTURED SO AS TO MAXIMIZE ECONOMIC BENEFITS TO THEIR HOST COUNTRIES?", WAS IMPRESSIVE, IF SOMEWHAT BAFFLING, TO THE PARTICIPANTS IN HIS DISCUSSION PANEL.

4. THE LESOTHO NATIONAL DEVELOPMENT CORPORATION SEEMED NOT TO HAVE ESTABLISHED ANY CLEAR GOAL IN CONVENING THE TNC CONFERENCE. THE PROGRAM WAS DIVERSE AND MORE ACADEMIC THAN PRACTICAL. IT IS DIFFICULT TO CONCLUDE THAT MUCH OF IMMEDIATE VALUE WAS ATTAINED

FOR LESOTHO. AS ONE OBSERVER NOTED, IT WAS ESSENTIALLY A BROAD PROMOTION EFFORT THAT MAY HAVE HELPED PUT LESOTHO ON THE MAP BUT LITTLE ELSE. THE LACK OF FOCUS ON THE LOCAL SITUATION WAS NOTED

VEHEMENTLY BY ONE OF THE BUSINESS REPRESENTATIVES PRESENT. HE SAID HE HAD COME THIFKING THE CONFERENCE DISCUSSIONS WOULD CENTER ON THE LOCAL SITUATION AND HE REGRETTED HE WOULD HAVE TO JEPORT TO HIS COMPANY THAT THIS HAD NOT BEEN THE CASE.

5. THE ACTUAL COST OF THE CONFERENCE IS NOT KNOWN TO THE EMBASSY. A NUMBER OF FIRMS AND ONE FOUNDATION CONTRIBUTED TO COVERING THE COSTS INCLUDING ANGLO-AMERICAN, NESTLES, BARCLAYS BANK, COLGATE-PALMOLIVE, MOBILOIL, STANDARD BANK, BP AND THE FORD FOUNDATION. ONE SOUTH AFRICAN FIRM PUBLICLY HANDED OVER A CHECK FOR R5,000. NEVERTHELESS, EVEN BEYOND THE ACTUAL CASH COST, THE CONFERENCE HAS BEEN AF EXPENSIVE UNDERTAKING IN TERMS OF STAFF TIME ABSORBED WITH PREPARATIONS OVER A PERIOD OF SEVERAL MONTHS, LIMITED OFFICIAL USE

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SUBSTANTIALLY DIVERTING THE ENERGIES OF THE LNDC FROM ITS PRIMARY DEVELOPMENTAL RESPONSIBILITIES. AGAIN IT IS DOUBTFUL IN OUR MIND THAT THE CONFERENCE WILL REDOUND TO THE IMMEDIATE BENEFIT OF LNDC. WHETHER ANY DIRECT BENEFITS WILL EVENTUALLY ACCRUE TO THE COUNTRY AS A RESULT OF THE CONFERENCE REMAINS TO BE SEEN.

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